

Message Text

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ACTION EA-12

INFO OCT-01 NEA-10 ISO-00 EB-08 AID-05 IGA-02 L-03
SP-02 IO-13 /056 W
-----103727 010412Z /72

R 311138Z JAN 78
FM AMEMBASSY KABUL
TO SECSTATE WASHDC 6348
INFO AMEMBASSY ISLAMABAD
AMEMBASSY NEW DELHI
AMEMBASSY SINGAPORE

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DEPT ALSO PASS AID, AA/NE WHEELER
SINGAPORE FOR HUNT, WHEAT ASSOCIATES

EO 11652: NA
TAGS: EAGR, EAID, AF, US
SUBJ: AFGHAN WHEAT PURCHASES: GENERAL ASEF'S TRIP TO THE U.S.

REF: A) STATE 22280 (AIDAC), B) KABUL 0522 NOTAL

1. WE WERE APPALLED AT REPORT OF GENERAL ASEF'S MEETING
WITH AA/NE (REFTEL A). NOT ONLY DO ASEF AND KARIM APPEAR
TO BE ENGAGING IN DISTORTION OF THE FACTS OF THE SITUATION
(AND BAZAAR-TYPE BARGAINING), BUT IT WOULD ALSO APPEAR THAT
THE GOVERNMENT OF AFGHANISTAN (GOA) CHOSE TO MISLEAD US HERE
AS TO THE PURPOSE OF THE GENERAL'S TRIP. MISOFFS,
INCLUDING THE AMBASSADOR, WERE SPECIFICALLY TOLD THAT
ASEF WAS GOING TO THE US TO CONCLUDE THE PAPERWORK FOR
THE 50,000 MT Z PL-480 WHEAT AND TO MAKE A COMMERCIAL

PURCHASE OF AN ADDITIONAL 100,000 MT. AFTER ASEF'S DEPARTURE,
MINISTER OF COMMERCE JALALLAR INFORMED THE AMBASSADOR --
ALMOST AS AN AFTERTHOUGHT DURING A MEETING DEVOTED TO ANOTHER
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PURPOSE -- THAT ASEF'S PLANNED STOPOVER IN TURKEY WAS TO COMPARE
TURKISH/US PRICES AND TRANSPORT COSTS (REFTEL B). IT WAS ONLY
IN REFTEL A THAT WE LEARNED ASEF ACTUALLY PLANNED TO MAKE A
PITCH FOR AN ADDITIONAL 50,000 MT OF PL-480, USING THE COMMERCIAL
PURCHASE AS A CARROT TO LURE US INTO A FAVORABLE DECISION
(PERHAPS BECAUSE HE CANNOT PRODUCE OBJECTIVE DATA TO SUPPORT
SUCH A REQUEST DIRECTLY).

2. WE CONTINUE TO BELIEVE THAT ASEF IS EXAGGERATING THE MAGNITUDE OF THE AFGHAN SHORTFALL, SINCE NO DATA PRESENTED TO US NOR OUR OWN FINDINGS SUBSTANTIATE ANYTHING LIKE 500,000 MT. TO REACH THIS FIGURE, ASEF IS MULTIPLYING A POPULATION OF 17.5 MILLION (AN OVERESTIMATE) BY A FIGURE OF 180 KILOS PER CAPITA (160 KILOS PER CAPITA PER YEAR -- A GENEROUS ESTIMATE -- PLUS 20 KILOS PER CAPITA FOR SEED). PRIOR TO THIS YEAR, THE AFGHANS HAD USED A TOTAL OF 160 KILOS, I.E., 140 FOR CONSUMPTION AND 20 FOR SEED. FROM THE RESULTANT 3.15 MILLION MT NEED, ASEF SUBTRACTS THE 2.65 MILLION MT HARVEST OF 1977 TO ARRIVE AT THE 500,000 MT SHORTFALL. THIS SHORTFALL FIGURE IS OBVIOUSLY INFLATED. WE BELIEVE CONSUMPTION PLUS SEED REQUIREMENTS SHOULD BE THE SAME THIS YEAR AS ANY OTHER, I.E., 160 KILOS PER CAPITA TOTAL. EVEN IF WE ACCEPT AS CORRECT THE 17.5 MILLION POPULATION FIGURE, USING THE 160 KILOS PER CAPITA NEED FIGURE, THE SHORTFALL WOULD BE ONLY 150,000 MT, PRESUPPOSING NO CARRYOVER STOCKS AT ALL FROM 1355 (1976-77) -- WHICH IS ALMOST CERTAINLY NOT THE CASE. IN FACT, AS WE HAVE POINTED OUT IN PREVIOUS MESSAGES, THE SHORTFALL IS MORE A FUNCTION OF THE INABILITY OF THE FOOD PROCUREMENT DEPARTMENT TO MEET ITS COMMITMENTS THAN A COUNTRY-WIDE SHORTAGE (77 KABUL A-100).

3. ASEF ALSO MISREPRESENTED PRICE TRENDS. SECOND-GRADE WHEAT PRICES IN KABUL VARIED, ACCORDING TO DA AFGHANISTAN BANK (THE CENTRAL BANK) FROM AFS 7.63 PER KILO IN JANUARY 1977 TO AFS LIMITED OFFICIAL USE

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8.85 PER KILO IN NOVEMBER. DECEMBER HIGHS (THIRD AND FOURTH WEEKS OF THE MONTH) WERE AFS 10.1 PER KILO. BY THE FOURTH WEEK OF JANUARY 1978, PRICES HAD DROPPED TO THE PRESENT AFS 9.48. (PRICES FOR FIRST-GRADE WHEAT RUN AFS 2-3 HIGHER THAN SECOND-GRADE.) PRICES NORMALLY RISE IN WINTER, BUT A COMPARISON BETWEEN JANUARY 1977 AND JANUARY 1978 SHOWS A RISE OF ONLY AFS 1.85 (9.48-7.63) OR 24.2 PERCENT. T X S DATA DOES NOT SUPPORT ASEF'S ALLEGATION THAT PRICES HAD GONE "IN RECENT WEEKS FROM AN AVERAGE OF AFS 7.0 PER KILO TO AFS 15."

4. IN SHORT, WE DO NOT SEE ANY GREAT CHANGE IN THE WHEAT SITUATION FROM THAT ALREADY REPORTED. THE OUTLOOK MAY, IN FACT, BE BETTER THAN WHEN ASEF LEFT KABUL, AS IT HAS BDSN SNOWING ALMOST CONTINUOUSLY SINCE THAT TIME. WE ARE, HOWEVER, READY TO REASSESS THE SITUATION AT ANY TIME WHENEVER SUBSTANTIATING DATA CAN BE SUPPLIED BY THE GOA. WE FEEL THAT BOTH ASEF AND KARIM WERE SHOOTING FROM THE HIP WITH THE "FACTS AND FIGURES" PRESENTED TO AA/NE IN THE HOPE OF ADDITIONAL U.S. LARGESSE. WE AGREE ENTIRELY WITH THE APPROACH TAKEN BY AA/NE AND HIS RESPONSE TO ASEF AND KARIM. WE WILL BE READY FOR ASEF WHEN HE RSTURNS.

4. SEPTTEL DEALS WITH ISSUE OF TRANSPORT OF INDIAN WHEAT
ACROSS PAKISTAN.
ELIOT

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: WHEAT, AGRICULTURAL PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 31 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978KABUL00876
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: UPGRADED PER MEMO P830033-1070
Executive Order: R1 19830119 AINSWORTH, THOMAS
Errors: N/A
Expiration:
Film Number: P830033-1087, D780047-0488
Format: TEL
From: KABUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t1978015/aaaaadgd.tel
Line Count: 119
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: b5fd3be2-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: UNCLASSIFIED
Original Previous Handling Restrictions: LOU, ONLY
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LOU, ONLY
Reference: 78 STATE 22280, 78 KABUL 522
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 06 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3753777
Secure: OPEN
Status: NATIVE
Subject: AFGHAN WHEAT PURCHASES: GENERAL ASEF'S TRIP TO THE U.S.
TAGS: EAGR, EAID, AF, US
To: STATE ISLAMABAD
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/b5fd3be2-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014